

## **Business Investment in New and Used Capital Goods Down in 2002, Census Bureau Reports**

U.S. businesses invested \$1.0 trillion in new and used capital goods in 2002, a 9 percent decrease from 2001 and a 13 percent decrease from the high in 2000 of \$1.2 trillion, the U.S. Census Bureau reported today.

The report, *Annual Capital Expenditures: 2002*, defines capital goods as business assets with an expected use of more than one year that generally are depreciated.

Overall investment in new structures and equipment was down \$115 billion from 2001, with spending on new structures at \$308 billion, down 8 percent, and spending on new equipment at \$619 billion, down 12 percent.

Expenditures on used structures and equipment came to \$82 billion, up 22 percent, while investment in new structures and equipment, which made up more than 90 percent of capital spending, dropped 11 percent.

Businesses with employees accounted for 92 percent, \$928 billion, of all capital investment. They spent 12 percent less in 2002 than in 2001, with 118 of the 130 industries in the survey showing declines or no change.

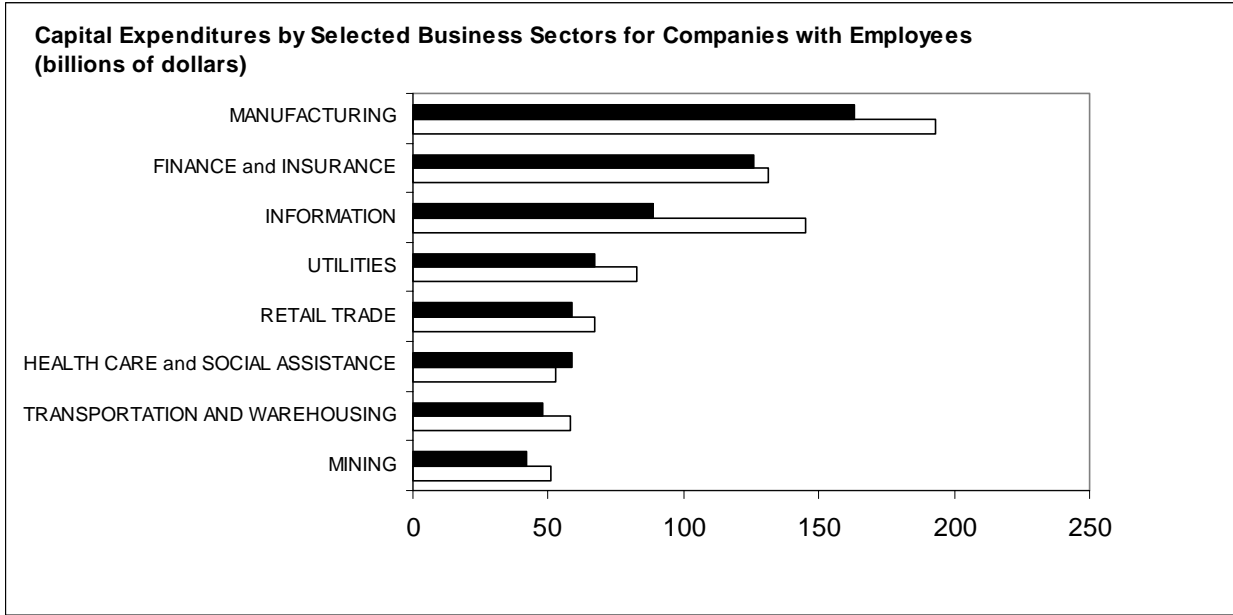
Findings for businesses with employees (see attached chart):

- Manufacturing businesses spent \$163 billion on capital goods, down 15 percent.  
About \$131 billion of the manufacturing capital expenditures was for equipment.  
Durable goods manufacturers invested \$90 billion, down 24 percent. The semiconductor industry spent \$12 billion, down 44 percent. Nondurable goods manufacturers spent \$73 billion on capital goods, about the same as 2001. This lack of movement was seen throughout the nondurable industries, with most spending about the same as 2001.
- Finance and insurance had expenditures of \$126 billion, down 4 percent.  
Nondepository credit intermediation (e.g., sales and lease financing and credit card-issuing companies) spent the most, at \$76 billion, down 5 percent. Most of the capital expenditures in this sector were for equipment.
- Information spent \$89 billion, down 39 percent. Capital expenditures by wired telecommunications carriers at \$35 billion, down 52 percent, and wireless telecommunication carriers at \$20 billion, down 15 percent, represented 62 percent of all spending in this sector.
- Utilities, capital expenditures of \$67 billion were down 19 percent. The electric power generation and distribution industry spent the most in this sector: \$59 billion, down 20 percent from the previous year.

- Retail trade spent \$59 billion, down 11 percent. Of this amount, \$26 billion was for structures and \$33 billion for equipment.
- Health care and social assistance invested \$59 billion in capital expenditures, up 12 percent. General medical and surgical hospitals spent the most in this sector at \$31 billion, an increase of 9 percent.
- Transportation and warehousing spent \$48 billion, down 17 percent.  
The air transportation industry led in this sector with \$12 billion in capital expenditures, down 30 percent.
- Mining invested \$42 billion, down 17 percent. The oil and gas extraction industry led with \$32 billion in capital expenditures, down 19 percent.

The report shows capital investment spending for 130 separate industry categories based on the 1997 North American Industry Classification System. It covers spending on buildings and other structures, machinery and equipment, furniture, computers and vehicles. While the report shows estimates of investment by all nonfarm businesses, only businesses with employees were asked to report investment by operating industries.

Data are subject to sampling variability, as well as nonsampling errors. Sources of nonsampling error include errors of response, nonreporting and coverage. Further details concerning survey design, methodology and data limitations are available in the full report.



**Figure 1**

**Source: U.S. Census Bureau**